

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF POWELLS VALLEY)	
WATER DISTRICT FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2006-00404
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On September 8, 2006, Powells Valley Water District (“Powells Valley”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for an \$844,050 waterworks improvement project. This project consists of the construction and installation of approximately 4,000 feet of 8-inch gravity sewer line, 1,000 feet of 6-inch force main, 4,000 feet of 2-inch force main, 2 lift stations, and 12 grinder pump stations. Project funding includes the issuance of \$27,000 of its Water and Sewer Revenue Bonds. A USDA, Rural Development (“RD”) grant in the amount of \$256,000; an Appalachian Regional Commission (“ARC”) grant in the amount of \$274,050; a Community Development Block Grant (“CDBG”) in the amount of \$284,000; and an Applicant contribution in the amount of \$3,000.

Powells Valley’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing

requirements were met in this case on September 8, 2006, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Powells Valley is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Powells Valley's proposed plan of financing with RD is accepted.

3. Powells Valley is authorized to issue \$27,000 of Water and Sewer Revenue Bonds at an interest rate not to exceed 4.50 percent per annum for 40 years.

4. The proceeds from the issuance of revenue bonds shall be used only for the purposes specified in Powells Valley's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Powells Valley may use such surplus to construct additional plant facility if RD approves of the use, and the additional construction will not result in a change in Powells Valley's rates for service. Powells Valley shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Powells Valley shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certified herein.

7. Powells Valley shall monitor the adequacies of the expanded sewer system after construction.

8. Powells Valley shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Powells Valley shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the effective date of this Order, Powells Valley shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 5th day of October, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00404 DATED October 5, 2006

The following rates and charges are prescribed for the customers in the area served by Powells Valley Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000	Gallons	\$ 15.75	Minimum Bill
Next	2,000	Gallons	6.71	per 1,000 Gallons
Next	2,000	Gallons	5.96	per 1,000 Gallons
All Over	6,000	Gallons	5.52	per 1,000 Gallons

Monthly Sewer Rates

First	2,000	Gallons	\$ 15.50	Minimum Bill
All Over	2,000	Gallons	7.75	per 1,000 Gallons

Water Connection/Tap-on Charges

5/8" x 3/4" Meter	\$450.00
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Sewer Connection/Tap-on Charges

Gravity Pumps	\$450.00
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